

TOUR COMPLETION REPORT

Marshall Plan MTM Study Tour

Architecture & Construction

for

Kharkiv, Ukraine

August 2000

Center for Economic Initiatives

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August 14 to September 2, 2000

USAID Grant #121-G-00-99-00728-00

Center for Economic Initiatives (CEI)

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Architecture & Construction Study Tour

Executive Overview

The Management, Technology and Marketing (MTM) Productivity Study Tour program for Kharkiv, Ukraine consists of five study tours. This describes Tour No. 4 for the Architects and Contractors. The Tour Managers were James Titus and Thomas Dunn. Sergiy Svidersky, an IESC trainer and Oksana Khohtar of the Kharkiv Oblast also accompanied the tour.

The purpose of the program is to give rise to a rapid and visible increase in living standards for the Ukrainian population as a whole by introducing key Ukrainian managers in key subsectors to modern management, materials, technology and marketing methods in the U.S. The Center for Economic Initiatives (CEI) selected three food processing subsectors (Bakery; Meat and Dairy; Fruit and Vegetable) and two other subsectors (Food Processing Equipment; Building and Construction) in order to introduce the benefits of this Marshall Plan type technical assistance program to Ukraine. All of these subsectors produce products that are basic to the needs of the Ukrainian population.

The major achievements of the program for the Ukrainian companies were:

1. New products were identified that can easily be added to existing projects;
2. An awareness and appreciation of new construction techniques;
3. Many production changes were learned that will increase safety and reduce costs;
4. A greater appreciation of the construction systems, marketing, production and distribution;
5. New products and equipment they can purchase from the U.S.
6. A greater openness and awareness of changes they can make in their own firms and industries.

The study tour group included 15 high-level architectural and construction participants and one government official. Under the direction of the Tour Managers, the group of 16 visited 23 organizations over a five-state area. The size of the group was economically most efficient. The tour areas were Ohio, Indiana, Illinois, Minnesota and Kentucky. This was quite adequate for the architecture and construction industries.

The sites visited were carefully selected to meet the diverse needs of the group. Since the tour group represented different sizes of businesses and profile, each participant visited some sites that were within their area of interest. Moreover, there was much to be learned on every visit since design, management, marketing and distribution were common to all.

The host company determined the length of each visit. In most cases, the visits were scheduled to last four hours and were planned for the morning or afternoon. At each site there was a short introduction by management followed by a tour of the facilities, office or construction site. A question and answer period followed. In almost all cases, this was an extremely lively session and extended far beyond the initial schedule. The U.S. hosts were

extremely generous with their time and information. Were it not for the need to maintain schedules, many visits would have been significantly longer. The enthusiasm of the participants rubbed off on the host companies and many offered to host future programs.

During their stay in the U.S. and Cincinnati, the group visited a window manufacturing plant, elevator manufacturing plant, concrete processing plant, testing laboratory, concrete fabrication plant, wood lamination plant, construction equipment plant, house manufacturing plant, architects' offices, construction projects, construction company offices, college of construction applied science, sales representative office for construction material and equipment, construction material supply warehouses, construction seminar and home décor suppliers.

The length of the tour was 20 days and appeared to be just about right. When the group arrived in the U.S., they had various fixed ideas about conducting their business. Although the participants were looking for new ideas, they were not necessarily open to new ideas. By the end of the tour, this attitude had completely changed. Most were eager to return and try out new ideas and products. A lot of product information and design ideas went back with them.

One of the most frequently asked questions was "How do the Americans make the construction products at such a low cost?" Almost every host company discussed the importance of increased volume to drive down costs. This implied a greater need for effective marketing and for specialization. Both were exactly the opposite of the business thinking in Ukraine where there is little advertising and each firm struggles to diversify into as many different product lines and even different industries.

A surprising degree of bonding took place between the tour members. At the conclusion of the tour most agreed to meet again and possibly to form an association. Several were exploring business arrangements; not only among themselves, but also with the U.S. companies they visited.

At the end of the tour, there was a construction materials supplier roundtable where different suppliers gave a 20-minute talk about their product and the many ways it would improve their design and construction time. This part of the program could have gone on for days.

Some of the participants expressed serious interest in American products and reproducing similar equipment back home. The Tour Consultant has agreed to facilitate communications between Ukraine and the American companies.

At the conclusion of the study tour, the group was interviewed in depth to record what they had learned and to measure the potential impact of the tour on their individual firms. CEI was pleased to learn that all had concrete plans to introduce productivity improvements to reduce their costs of production, add new products to their lines and institute changes. These findings are recorded in the Evaluation by Tour Members included in this report.

This Marshall Plan type construction study tour was deemed a great success by all the participants and by CEI. Only by seeing for themselves were these industry leaders able to learn new techniques and discover new products they could apply or produce back home in their companies.

Architecture & Construction Industry Study Tour

Program Narrative

INTRODUCTION

During the period of August 14 - September 2, a group of 16 participants (11 men and 5 women) belonging to 16 different organizations related to the architectural and construction industries from the Kharkiv region visited Cincinnati, Ohio and other cities in Ohio, Indiana, Minnesota, Kentucky and Illinois as a part of a 20 day study tour of their related industry. Vasyl Zubko was designated as Leader of the Ukrainian Group. USAID Grant #121-G-99-00728-00 to the CEI financed the tour made available. This was the fourth of five tours financed under this grant.

The tour was under the overall direction and leadership of Leland M. Cole, CEI's President, Tour Managers James L. Titus, Vice President and Thomas Dunn worked out the detailed program with host enterprises, selection arrangements, implementation and accompanying the group to various architectural and construction groups. Everyone felt the program was a great success.

Background

After W.W.II, America helped rebuild Western Europe through the Marshall Plan Program. European economies had been damaged and destroyed, the productivity of industry was low and standards of living had plummeted. Through the Marshall Plan Program, not only did the U.S. provide grain, steel and other essential raw materials, but also provided technical assistance on a large scale. More than 24,000 Europeans visited the U.S. to learn about the modern ways in which industry operated.

The former Soviet Union (FSU), including Ukraine, today suffers from a scarcity of cost-oriented management and old construction systems. Managers focus on production, old equipment, old architectural and construction technology, rather than on marketing of construction projects. It is essential that Ukrainian management understand that marketing and productivity enhancements are central to the improvement of their living standards and availability of consumer goods. The Center for Economic Initiatives, (CEI) based in Cincinnati, applied for and received a grant from USAID to bring high level managers from the construction industry of the Kharkiv region in Ukraine to the U.S. for training. This program is similar to the original Marshall Plan Technical Assistance Program.

The total funded program will consist of five tour groups. The first tour was for the Bread and Bakery subsector. The second tour was for Meat and Dairy; the third was for Food Processing Equipment manufacturing, the fourth for Construction and the fifth for Fruit and Vegetables.

Most participating managers have never been outside the former Soviet Union (FSU) and have virtually no experience with the workings of a market in construction. The task was to help them learn about new architectural and construction techniques that they could re-apply in Ukraine. Towards that end, CEI arranged a program that took the Ukrainian managers to concrete plants, suppliers, government agencies, university of construction technology, construction associations in Ohio, Indiana, Minnesota, Kentucky and Illinois.

During their visits, the Ukrainians are able to learn improved techniques in construction, marketing and management. These skills will make the Ukrainian companies more responsive to the needs of the Ukrainian way of life and more attractive for investment with the U.S. and other foreign enterprises in construction projects and future development of their cities.

Program Implementation

The initial study tour group visited 25 organizations in construction and architecture attended 3 seminars and various social functions spread over 13 cities/towns in 5 states. We could not have been more pleased with the reception and hospitality given by host organizations. High-level U.S. officials made themselves available for extensive discussions and were genuinely interested in providing study tour members with all the information requested. Several had done independent research on Ukraine before arrival of the group.

SUMMARY EVALUATION OF PARTICIPATING TEAM

Although from diversified industry backgrounds in architecture, construction and materials, everyone picked up significant positive experiences from the tour. It was an active group with a voracious appetite for learning new things. At times, the group was late for the next appointment because question and answer sessions were active and lengthy. Sometimes 2-3 hours per visit was not enough time.

In general, tour members were cooperative and positive minded. They participated actively in group discussions and asked a great many questions not only about the industry but also about the U.S. in general. They took notes and an enormous amount of photographs and material back home. Initially, we had a few skeptics as usual, but by the end of the tour they were genuinely converted to true optimists. The total experience of seeing American construction industry and culture close-up over a period of 20 days made a significant difference to many members' thought processes and perception versus what they had earlier heard about America and the ways of construction in this country.

MISCELLANEOUS TOPICS / COMMENTS

- The tour group had excellent interaction with the Tour Managers, Jim Titus and Tom Dunn and other CEI members. Information was provided to the maximum on all possible topics in architecture design and construction systems.

- At most of the construction sites the group visited, technology was better than that used in Ukraine. Major differences were the construction materials, systems, management, organization and the process of running their corporation.
- In a related industry, many members thought their heating costs, energy waste and loss were higher than the U.S. average.
- The participants were reminded that after their return to Ukraine, CEI would be pleased to answer questions and gather additional information they may request. It was suggested that e-mail would be the best way to communicate between the two countries.
- The tour participants brought a number of gifts from Ukraine that they gave to host organizations, consultants and others.

SUMMARY CONCLUSION / POSITIVE FINDINGS OF THE PROJECT

Judging from the comments of tour participants, the experience was extremely positive and worthwhile. Many new ideas for replication were gained, not only in construction, but in marketing, distribution and administration as well. This will, CEI believes, help lift the fortunes of these companies who must operate in a very difficult Ukrainian economic environment. This can only help to increase the living standards of the Ukrainian population.

We were also greatly encouraged by the bonding that took place between tour members who found they could trust one another. There appears to be a genuine interest in working together in the future. They plan to establish an association for construction information and technology and we believe this organization can have a beneficial effect on the entire construction industry.

A key objective of the program is the dissemination within Ukraine of the information learned. CEI stressed this throughout the tour, and we believe tour participants are truly dedicated to seeing this come about. We will follow-up during the post-visit to Kharkiv of CEI representation.

PARTICIPANT SUGGESTED TOUR PROGRAM IMPROVEMENTS

- Two to three types of professionals from the architecture and construction industry category should be included: such as technology, marketing, management etc. (Some participants suggested that fewer professionals be included. Others felt the balance was right.)
- To affect any policy level change in Ukraine construction laws, equipment systems industry, oblate level officials should be exposed to this type of program.
- A group consisting of professors of construction technology could be organized.
- Internships for management, marketing and advertising students from Kharkiv University and other business schools could be organized.
- A program could be undertaken to develop an exchange of students in construction technology and architecture.

CONSTRUCTION TOUR

SCHEDULE AND SUMMARY

CONSTRUCTION

TOUR SCHEDULE AND SUMMARY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
13	14 Leave Kiev Arrive Cincinnati 7:10 pm DL 87 9:00 Dinner Vernon Manor	15 9 AM Orientation 12:00 Deli Lunch Visit Downtown Cincinnati Vernon Manor Carew Tower	16 9 AM “A” Team Factory Light Center, Furniture Fair Luncheon Presentation Vernon Manor	17 9 AM Flexicore and CTI Dayton 11:30 PM WPAFB Vernon Manor	18 9 AM Turnbull Concrete 1 PM Kolbe & Kolbe Windows Vernon Manor	19 Free Day Vernon Manor
20 Free Day Vernon Manor	21 AM Leave for Chicago 10:00 American Homes, Decatur, IN Midway (Chicago) Travelodge	22 6:00 Leave for Warroad, Minn. 7:00 midway airport PM Marvin Windows Warroad, Minn.	23 Marvin Windows Tour Midway (Chicago) Travelodge	24 AM Wacker Drive for Tour 2:00 Chicago Tour by boat (North Pier) 6:00 PM Return Cincy Vernon Manor	25 9 AM Hixon Co. 11:00 KZF Inc. 1 PM Fujitec Elevator 3:00 PM Contractors Warehouse Vernon Manor	26 Free Day Vernon Manor
27 Free Day Vernon Manor	28 9 AM Southern Ohio Fabricators 10:30 Riemeier Lumber 2 PM Const Sites N. Bend Crossing & homes Home Depot Vernon Manor	29 9 AM Contractors Materials, Inc 1 PM Formica Corp. Vernon Manor	30 9 AM H.C. Nutting Labs 10:30 Senco 2 PM Finished Dimensions Vernon Manor 9	31 9 AM Celotex Plant 11:00 COATS Seminar 2:00 Messer Const. Visit Sites Vernon Manor Jim Silverman	1 September 9 AM Const. Site, Dugan & Meyers 10:00 Const. roundtable 2 PM Exit Interviews 5 PM Picnic McKinney Vernon Manor	2 September 9 AM Exit Interviews Depart Hotel 4:00 pm, Flight 6:55 pm Delta 48

SUMMARY DESCRIPTION OF PROGRAM ACTIVITIES

The programs were arranged so that each one in the group benefited from each organization visited. The programs started on August 15 and ran through September 2, 2000.

Monday, August 14, 2000

The group arrived in Cincinnati around 7:30 p.m. After all were settled in their hotel rooms, a late dinner was given to welcome the group to Cincinnati and to give them an outline of the tour program. Jim Titus and Tom Dunn were introduced as the Tour Managers.

Tuesday, August 15, 2000

Orientation Day—At 9:00 a.m. the orientation meeting was held at the hotel to go over the total program. Mr. Lee Cole, President of CEI introduced Jim Titus, Vice President of CEI and Tom Dunn, the Program Managers. The Managers gave an overview and a calendar of events and a short description of each company to be visited. Other speakers were Daniel H. McKinney on taxation in the U.S.A.; Bruce Vaillancourt, American business practices; Belal Siddique, money exchange and banking in the U.S.A., and our interpreter, Alexander Etlin.

Daniel H. McKinney

The taxation lecture was an overview of taxation in the U.S.A. in terms of the revenues it raises from various classes of taxpayers and encourages private capital development through wealth accumulation of various types. Focus was on political, social and economic policies that drive tax policies and legislative design. Attention was directed to how the system promotes private capital accumulation by exempting certain types of assets and wealth from taxation, with special emphasis on small business capital encouragement through depreciation. Special rules applicable to the construction industry were examined, particularly the “percentage of completion” laws that permit or require reporting of project income at various states of completion. He also discussed pending U.S. legislation designed to encourage the accumulation of private wealth to create new economic activity. This wealth would be used to fund private retirement funds for the use of the aging population. He also discussed the political and social tensions between the philosophies of capitalism and socialism.

Bruce Vaillancourt

This presentation covered many of the basic business practices, which the Ukrainians would observe on their visits. It covered such areas as building codes stressing U.S. government safety requirements. Since company visits would entail a tour around the construction sites, the Ukrainians were instructed that the rules, which apply to workers, would also apply to them. Employee relations in American businesses were also covered stressing performance linked to pay incentives, and the value of cross-functional teams in meeting productivity goals and problem solving. A typical American business organization chart was presented to all the delegates and stimulated a lot of discussion. It was suggested that the Ukrainian companies request a copy of the organization chart from a company that closely resembled their own as they were on tour to help facilitate a better understanding of management organization. The presentation concluded with a discussion of the proprietary information, over which, companies maintain a high degree of confidentiality and how some of the companies would be toured may or may not be willing to share all that data with the tour group.

Belal Siddique

This presentation covered the nature of small business. A question as to “What is small?” was addressed by the Federal Reserve Bank definition of small business and how independently owned and operated small businesses work with banks. A talk about the skills in management, employment and how to use profits in small company development with banking working together with the companies.

Jim Titus

This presentation was on the construction program. An outline of the tour schedule was handed out along with a calendar of events.

The construction lecture was given to outline the different types of construction industries in the U.S.A. Construction is the largest industry in the United States. The construction industry is extremely fractured and diversified. There are thousands of small contractors, architects, manufacturers and suppliers. The sizes of businesses range from tiny one-person companies to national and international firms.

- Trade Associations bind all companies together.

Some examples are:

A.G.C. (Associated General Contractors)

A.B.C. (Associated Building Contractors)

A.I.C. (American Institute of Contractors)

A.I.A. (American Institute of Architects)

NECA (National Electric Constructors Association)

All national groups have local chapters in major cities. Associations provide for exchange of information, networking, lobbying for favorable legislation. Groups may have breakfasts, luncheons or suppers, usually with speakers. Dues may be used for scholarships or other benefits.

- Types of Construction in the U.S. were outlined.

Single family or small apartment buildings with wood frame with brick veneer, siding or stucco

Solid masonry with steel or concrete floors

Steel frame with concrete frame & floors (cast in place)

Reinforced concrete frame & floors

Concrete “tilt-up” construction & other special forming systems

A lecture on business taxes for construction firms was outlined to give explanations of taxation.

The various types of business taxes in the U.S. are as follows:

- Federal
- State (deducted from workers' wages)
- Local
- Corporate tax – based on profit—no profit, no tax
- Materials purchased have sales tax (state—5% to 7%)

Example: A company purchasing equipment can deduct a percentage of value per year until equipment is depreciated.

Expenses such as rent, utilities, wages and disposable items are deducted from gross income and taxes are paid on net (remaining) income

Example: Total (gross) income to company is \$100,000.00.

Expenses are:

Salaries (including owner)	75,000.00
Misc. expenses	<u>10,000.00</u>
Total Expenses	\$85,000.00

<u>Gross</u> Income	\$100,000.00
Expenses	- <u>85,000.00</u>

Net Income-TAXES ON NET ONLY = \$15,000.00

Companies may actually spend extra money rather than pay more to government; this encourages growth.

The study tours were designed to meet each participant's interests relative to their work or profession which included the following:

- Architects'/ Engineers' offices
- Construction sites & offices
- Manufacturers of equipment & materials
- Building supply firms
- "Round Table" seminars with suppliers and manufacturers

Jim Titus was the Tour Manager for all out-of-town visits and Tom Dunn was the Manager for inner city visits. After the orientation meeting there was time to visit Downtown Cincinnati by bus. The program was scheduled to meet all the group's interests related to their

work or professions. At the end of the tour there was a round table with manufacturers who were able to answer questions about equipment, construction systems, economics, construction law and contracts, management, sales and also banking systems for construction projects.

A list of companies participating in this program including addresses and phone numbers was provided for future contacts beyond this tour. (List included in this report)

Alexander (Sasha) Etlin

Principal of Glasnost Communications—Professional interpreter and translator (Russian and Ukrainian)

- Fifteen years experience in interpreting for businesses, government, social services, cultural establishments, hospitals, courts and clergy in the former Soviet Union and the United States
- Native Russian speaker, fluent English (top 5% in Test of English as a Foreign Language), fluent Ukrainian
- Outstanding communication and interpersonal skills
- Extremely large vocabulary; clarity and specificity; thorough research of subject matter; consistency in terminology
- Demonstrated success in handling a wide variety of business and social situations; considerable experience in interpreting roundtable discussions, media interviews, news conferences, speeches and conference calls
- Thorough knowledge of Russian/Ukrainian and American cultures
- Meticulous compliance with protocol; guaranteed confidentiality; timely delivery
- M.A. in linguistics from Kharkiv State University (1985)
- Member, American Translators Association
- U.S. resident since 1994; U.S. citizen since 1999
- Board member, Cincinnati-Kharkiv Sister City Project

Wednesday, August 16, 2000

This day was the start of the Construction Tour. The first tour started at 9:00 a.m.

“A”-Team Home Furnishings Manufacturers

Julie Spangler, Sales Representative-Toledo, Ohio and
M.J. Fischer, Sales Representative-Akron, Ohio

The “A”-Team is an independent manufacturer’s sales representatives company with product lines in lighting fixtures and residential and commercial furniture. Their sales areas are in the states of Ohio, Indiana and Kentucky.

The first visit was to **The Factory Lighting Center** in Beaver Creek, Ohio. This company warehouses over 1,000 types of lighting fixtures used in commercial and residential buildings. This company also imports fixtures from other countries such as Spain, Italy, France, Germany, Poland and Mexico.

The five-hour program took the group through the warehouses to show the different types of storage systems for shipping and receiving as well as the computers used for inventory and accounting. The group's next stop was the sales and display Annex. The sales annex was an open display of all types of fixtures and added interior design wall systems. The group was shown the different types of marketing, pricing and accounting and how the architect and interior designer use the display annex for designing.

The accounting department also showed the different computerized programs for marketing and advertising and the accounts receivable and payable and taxing system.

The next stop of the day was a larger, nationally known supply company of commercial and residential furniture known as **Furniture Fair** in Fairfield, Ohio. This furniture company is a large franchise group of over 500 stores in the tri-state area. Each store is over 100,000-sq. ft. of storage and display area. Eighty percent of all the product lines were made in the U.S.A. and the other lines were from Italy, Spain and Mexico.

At the end of the tour for the day there was a group discussion time. The "A"-Team showed how a small privately owned lighting fixture company and a large franchise furniture company have the same basic business plan and structure. Although the product was different, the business structure, sales, marketing, bookkeeping and delivery were the same.

Thursday, August 17, 2000

The group was bussed to Hubet Heights, near Dayton, Ohio to the **"Flexicore Company"**. This company is the producer of concrete flooring and roofing systems similar to the post and beam concrete structures used in Ukraine.

The group was shown the testing laboratory that tests the strength of concrete and they were also shown the technology of computer equipment used for formulas of concrete mix.

The engineering department was using C.A.D. equipment for drawings of construction of floor and roof concrete systems. The group was taken to the processing or construction yard. They were shown how the concrete was mixed, then poured into pre-stretched steel concrete forms. The forms were constructed to the shape and size required for the structural design and project requirements. The forms were let to cure for seven days to reach the design strength for construction. After curing, the structural concrete beam or flooring was loaded on trucks for shipping to the construction site.

The second visit of the day was to **"C.T.I., Concrete Technology Incorporated** in Springboro, Ohio. C.T.I. manufactures concrete wall panels. The group was shown the concrete mix used for the design of the proper concrete mix. In the engineering department the design of the cast-in-place panel is laid out as to the type of finish, color, size and architectural treatment required. They were shown the process of construction of the wall forms and how the wall panels were trucked to the construction site.

After the tour of the two concrete fabrication plants, we had time for questions. Most of the questions were about payment of the materials, how much tax was to be paid by the contractor and how the owner was getting the payment from the bank.

Friday, August 18, 2000

This visit was to **Turnbull Concrete Company** on Illinois Street in Cincinnati, Ohio. This was a concrete mixing plant, which supplied construction sites with ready mix concrete. The group was taken to the testing laboratory where the different design mixes are tested. Most of the construction concrete runs 4,000 to 6,000 pounds p.s.i. in strength that is achieved in 7 days depending on the design mix. The concrete is delivered to the construction site in 9 yards. Trucks and the average amount of concrete poured is 100 yards per day.

After the tour most of the questions were about money paid to the state for material and the contractor had to pay for the use of the trucks for delivery of the concrete to the construction site. There were a lot of questions on the design mix in winter and summer and the use of chemicals in the concrete for curing time and strength.

The next tour was **Kolbe & Kolbe Window Co.**, manufacturer representatives of custom designed windows. They represent more than one window manufacturer for special design windows for custom architectural treatments.

The group was taken to their design/display area and shown different types of materials and designs that were custom made to satisfy the architects' design criteria.

Many questions were asked by the group about manufacturing time, cost of special designs and the construction of the windows to meet environmental conditions of the area.

Monday, August 21, 2000

This visit was to **American Homes** in Decatur, Indiana. The tour was designed to have the group take a walk through a home manufacturing plant. The tour started with a presentation on how the company markets their product in four sections of the U.S.A.; how the sales department sets up accounts and programming of the style of home to be built for the sales area for the month. Each month a different home design is built to the owner's specification. One month may have seven (7) ranch type design homes being built and the next month may have ten (10) two story homes to be built to order. By coordinating the orders by computer, the production manager can schedule the shop builders and workers as to the time and material it will take to produce the number of homes that can be built for a month.

After there was a clear understanding of sales and production time, the group went through the production line of construction for the new homes. The system of production was based on the assembly line process starting with the construction of the first floor and ending with the interior carpet and kitchen fixtures. The totally complete house is ready for shipping in six weeks.

After the four-hour walk through at the plant, there was a walk through of each finished model on display.

This was a very long day with many questions about material for the modular homes and the number of people involved in the construction process and their trades. The group had an

opportunity to talk to the workers about the type of tools that were used in the construction and their training. The last part of the walkthrough was the shipping area.

The shipping director showed how the U.S.A. was divided into four (4) sections and each section had an American Home modular manufacturing plant located in each area. Each area was responsible solely for shipping to each customer in their area.

After a dinner in Decatur, Indiana, the bus was on its way to Midway, Chicago to fly to Warroad, Minnesota to **Marvin Window Manufacturing Company**.

Tuesday, August 22, 2000

After a night in Midway, Chicago, the tour group met the plane furnished by Marvin Windows to fly to Warroad, Minnesota.

The tour of **Marvin Windows** started by meeting the Vice president of the Corporation, Frank Marvin. There was a half-hour movie of introduction to the window manufacturing plant. The tour was divided into two four- hour walks through the plant. The first tour started with the process of cleaning the trees that were trucked in from Canada. The tour group was taken to the sawmill area where all the trees were cut to the required lumber for the construction of wood windows. The lumber was taken to the cleaning and curing area where it was stored for drying.

After this part of the walkthrough, the group was taken to the showrooms to review the different types of windows that are made. Because of the interest in the windows and their design, the group spent two hours asking questions and taking notes.

One of the most interesting questions was about the teamwork of the workers and how they were divided into work forces. There were competitions related to the amount of product that could be produced in one month.

After dinner there was a round table discussion about the window manufacturing process and a lot of questions about workers' wages, tax, insurance and employment benefits.

Wednesday, August 23, 2000

This day was spent on the travel back to Midway, Chicago from Warroad, Minnesota. During this time, we reviewed notes and answered questions.

The group was divided into four sections with four members to each section. Each section of four asked tabulated questions relating to the visits the group made. The first group asked more questions about the lighting fixture and furniture companies, such as how profit was made through the process of sales and delivery and other questions about tax and supply.

The second group asked questions about the concrete companies and how the construction companies used the concrete products as well as the cost, trucking and engineering. The testing of the products and equipment for placing the materials were also discussed.

The third group asked questions about Kolbe & Kolbe window Company and how they supply the contractors in the area with different types of residential and commercial as well as the process of sales and delivery.

The fourth group asked questions about the pre-engineered or module homes of American Homes. This tour had many questions about material, production and how the four production plants work together in the four different sections of the U.S.A.

Thursday, August 24, 2000

This day was the tour of Chicago architecture and different types of construction materials used to identify noted architectural style. Each architect had a different design but mostly used the standard material function of steel, concrete and glass.

The group was introduced to four different architects noted for their type of building design and their use of the materials in different design forms to identify their work. Since Chicago is noted to be the city of architectural competitions, there were many questions about the process of design competition by the city and how different companies paid for the buildings to be built.

Friday, August 25, 2000

Now in Cincinnati, the group was taken to two of the largest and oldest architectural firms in the area.

Hixon Company is one of the oldest architectural firms in Cincinnati with services in architecture, interior design and planning with support personnel of nearly fifty professionals.

The group was introduced to the Vice president and Marketing Manager, Bill Sander. Mr. Sander went through the process of selling architecture and client contract program. There was an office tour where the group was shown how each department was set up under a project management system.

The group was split up into two sections; one architectural and the other construction. Each group had many questions about American business development and contracts. Most of the questions ended with, "Where does the money for the project come from?"

Due to the time, the group was taken to one of the largest design firms in Cincinnati. **KZF Design** was founded in 1956 is a multidisciplinary design group with about 100 in its support staff and branch offices in four states.

The group was shown large engineering projects under contract and how each department section takes part in the project development from design to construction. Because KZF is involved in a lot of government projects, the questions were mostly related to the process of government contracts, payment, taxes, supervision and support systems.

After five hours with the design firms, the group was taken to the **Fugitec Elevator Corporation**. Here they were shown the manufacturing of different types of elevators from

residential to big commercial and industrial units. The tour went through the assembly line and the testing tour and ended in the shipping area where the units are shipped to projects all over the U.S.A.

Most of the questions were about how the parts were made overseas and shipped to the U.S.A. for assembly and that the units were designed for use in the U.S.A. because of tax laws and building code regulations.

Monday, August 28, 2000

The group was taken to **Southern Ohio Fabricators, Incorporated** which is a moderate sized general line fabricator with 130 production line employees and about 40 in supervisory, sales, engineering and administration for construction steel and erection services. S.O.F. was founded in 1947 and ships steel products throughout the U.S.A. as well as many foreign destinations.

The group was shown how the steel shapes were shipped to the plant from steel mills and then the process of steel fabrication to the customers' specifications for steel construction and erection.

There were many questions about buying steel from the steel mills and trucking as well as quality control during fabrication. Other questions related to the price of steel in different states and taxation of steel before fabrication and after.

Tuesday, August 29, 2000

This day the tour group was taken to **Contractors Material Company (CMC)** which was established in 1923 and was a granite paving stone company. Today CMC is a fabricator of rebar and a distributor of products for commercial, industrial and highway concrete construction.

The group was taken through the "shearlines" where the steel rebar is mechanically and manually bent into shapes as required by the customer. CMC has the capability of fabricating from No. 3 to No. 18 rebar through the use of computer technology.

The group had many questions on the testing of steel rebar, fabrication designs, shipping of steel, as well as welding equipment. Most of the technical questions were regarding computer engineering.

The second part of the tour was the **Formica Corporation**, which manufactures laminate surfacing materials. The company was started in Cincinnati in 1913 and produced decorative laminate for kitchen, furniture, commercial and industrial use. The plant today sits on 20 acres of land and has one million square feet of production space with about 1,000 people employed.

The group was shown a film about Formica Corp. and the process of making their product. They were then taken to different lamination areas and shown how laminates are heated and glued together to form sheet goods for product use. They were also shown the special tooling and computer system for development of different finishes for different furnishings.

At the end of the tour, there were a host of questions about silicone and epoxy, computer systems, material handling, worker management, sales, shipping, production cost and taxes.

Wednesday, August 30, 2000

The group was taken to a concrete testing company known as the **H.C.Nutting Company** (HCN), which is an employee-owned corporation. This multidisciplinary engineering firm founded in 1921 had services in geotechnical, environmental, geologic, hydrogeologic and material testing in the Ohio region.

This was a full five hours of questions about construction material testing and computer formula systems. A lot of notes were taken. The group participated in concrete testing in the laboratory with pressure equipment and tension testing.

The group was taken to a new company called **Finish Dimensions** in the afternoon. This company's product is custom-designed and custom-built cabinetry of wood and Formica. The cabinets are built for residential use but they also do special orders for commercial use.

The group was shown how a small company of 5 to 8 employees could develop a business based on customer need and produce a custom product.

A lot of questions were asked about starting up an independent new business such as money for start up, taxes, unions, paying for materials and marketing.

Thursday, August 31, 2000

This day, the group was taken to the sales office in Cincinnati for the **Celotex Corporation**, which produces high performance mineral fiber. The group was shown how the product was first developed from bagasse cane fiber in 1921 and now the company is one of the largest producers of mineral fiber acoustical ceilings, rigid foam insulation and gypsum wallboard for residential and commercial markets.

The group was shown the processing and manufacturing facilities.

Many questions came out of this meeting and a lot of notes were taken. Many questions related to the product line as well as application. Most asked questions related to supply and marketing in the U.S.A. and the Export Division. Other questions were about thermo factors and testing.

The next meeting was a lunch seminar with **C.O.A.T.S. Group**, which is the Construction Owners Association of the Tri-State, Incorporated. C.O.A.T.S. represents industrial, commercial and governmental users of construction and serves as a forum through which construction users exchange information, experience and consequences of their methodologies. Through meetings, conferences and training programs, it is possible to disseminate information from many of the industry's consultants and leaders.

The tour group had an opportunity to ask questions about the U.S.A. construction industry and different concepts and business systems, as well as construction contracts and labor issues.

After the seminar, the tour group was taken to **Riemeier Lumber Company**, a family owned commercial lumber distribution and supply company. The company was founded in 1925 and has continued to furnish lumber and millwork to commercial, residential and industrial customers in the Cincinnati area.

Most of the questions were about supply, trucking and the system of credit.

Friday, September 1, 2000

The first part of the day was spent visiting construction sites to show the different types of construction systems.

The first construction site was by **Dugan & Meyers Construction Company**. This company is a very large commercial construction group that builds an average of over a million square feet of floor area a year using post-tensioned and pound-in-place concrete structures for auto garage parking. Also, this company was the contractor for the 856,000-sq. ft. Toyota North American Parts Center in Kentucky.

The tour group was able to see the manpower and equipment used in concrete construction on a very large scale.

The second visit was with the Messer Construction Company job site. **Frank Messer & Sons Construction Company** was organized in 1932 and has operated continuously from its main office in Cincinnati. The company is an employee owned corporation with experience in diverse types of construction.

At this job site, Messer was the construction manager for a privately owned reconstruction commercial project. The main structure was an industrial building and was to be retrofitted with new exterior wall systems, construction of new interior wall and floor systems and complete reconstruction of the roof system.

The tour group was very interested in this project because of the similarity to work that is being undertaken in their home city.

Many questions were asked about the building materials, special details for electrical equipment and heating systems. The project manager spent a lot of time with them describing the many details of this project.

The last part of the day was a round table meeting with different construction materials suppliers in the Cincinnati area showing their products and equipment and how their products are used. Each supplier had a presentation of 20 minutes about their product and then a 20-minute period for questions and answers.

There were a lot of product samples, catalogs, notes and goodwill passed among the tour group and sales representatives this day.

This long day ended with a cookout and final meeting with the entire tour group and the members of C.E.I.

BENEFITS

All the participants in the architectural and construction tour group agreed that there were many key areas where they gained knowledge that could not have been obtained without having been part of this tour.

The U.S. and Ukraine have similar construction materials but not the equipment or procedures of construction testing of materials or construction methods. At every company or construction site, there was special equipment necessary to test material for quality and strength and the specialist for this testing.

The group had many questions and took a lot of notes so they could establish similar procedures when they returned to Kharkiv. Since the procedures would not cost any money to implement such practice and it could lead to long-term cost savings and life safety. There were many requests for design details, testing documents and construction product catalogs to speed up implementation practice with their building material.

The successful U.S. companies in construction build their business on marketing, customer satisfaction, budget control, quality, established standards and delivery.

The Ukrainians were shown how construction companies have multiple material suppliers, which creates competition between suppliers and helps ensure low cost, delivery time and establishes cost savings to the client.

Many questions were asked about banking and contracts. Although the Ukrainians have no banking systems set up like in the U.S., a schedule and progress charts for payments and a typical design and construction schedule was implemented for project management and cost control that would help them as a tool for strict production.

As in all American businesses, the development of a good working business plan develops growth and potential future growth in the construction industry. The construction industry of the Ukraine can direct the future growth of its society.

LOGISTICS

Hotel Accommodations

During the weekends and dates the study tour program was scheduled for Cincinnati area firms, the tour group stayed at the Vernon Manor Hotel in Cincinnati. This hotel was selected because of the many overall benefits it provided. When the tour traveled outside Cincinnati, accommodations were made as appropriate in various motels. All participants were given double rooms with two beds without gender mixing. All rooms were blocked from making long distance phone calls and charging food or drinks. Participants were able to make these purchases separately on their own account. Overseas phone calls were generally made by purchasing pre-paid phone cards.

Meals

- While in Cincinnati, breakfast was provided at the Vernon Manor Hotel. On many mornings, CEI representatives (Lee Cole, Jim Titus and Sasha Etlin) were available for interpretation or other assistance. To avoid menu translation and schedule delays, buffet meals were preferred over waitress service, when available.
- In general, participants received \$10 stipends for breakfast, \$10 for lunch and \$15 for dinner unless meals were provided by CEI. In this way, participants had full control over their meals and CEI kept costs within budget. Weekly meal allowances were given to tour members on Saturday.

CEI provided meals on the following occasions: lunch on the group's first orientation arrival day at the Vernon Manor Hotel, the concluding dinner and certificate presentation at the Victory Boat Dinner Cruise on the Ohio River. (Visited companies had lunches.)

Bus Transportation

The Vernon Manor shuttle bus transported the guests from and to the airport. This service was also available for transporting guests to downtown and other nearby shopping areas. Transportation to tour sites was done with a rented 45-passenger coach from J&J Tours.

Shopping / Sightseeing

All participants were anxious to shop for friends and family at home. On weekends, many spent their free time shopping. The hotel shuttle bus driver was very accommodating and took them to discount stores in the area. On some occasions (time permitting), the regular tour bus driver would stop for shopping or sightseeing and some CEI members helped by shuttling to local attractions, such as the Newport Aquarium, an example of aquarium structure and city development; the Dayton Air Force Museum which provided an architectural example of the magnitude of building design for housing large equipment. In Chicago, the group visited Sears Tower, went on an architectural tour by boat on the Chicago River and took a walk around Downtown/Michigan Avenue and visited the Science Museum. These visits in all cases were supervised by Jim Titus, Tour Manager, and had a deep impact on the tour members' perception of America.

RECOMMENDED SUGGESTIONS

- Tour members benefited enormously from this visit, which was evident by the exit interviews. All the members were interested in taking all catalogs, material supplies and technical information home with them. However, due to luggage requirements and limits, this was impossible. Many suppliers had tried to mail information to them, but because of the Ukrainian postal system, follow-up was impossible.
- “Time-Time-Time” was the biggest problem. The tour schedule was so jammed with different visits that the group had an overload of information and not enough time for material evaluation.
- In the beginning of the construction tour interviews, there should have been an outline of topics, information and construction systems they wanted to study and learn about.
- Many questions were asked about city government, processing of building permits, reuse of existing buildings and government control on zoning laws. Also of interest was the development of impact statements for economy and property development, city and state systems to develop incentives to encourage businesses to grow, and regional planning for economic development. It would have been helpful to have classes outlined for study. Also, contracts and insurance classes would have helped.
- Because of the similarities in the basic construction systems, it was easy to develop an understanding of the technology and the construction profession. However, when it comes to government agencies, problems develop because of the difference between Ukrainian and U.S. building laws and taxes. Banking and project development were areas that needed a lot of interpreting because of private company development and ownership.

LIST OF PARTICIPATING COMPANIES

Messer Construction 4612 Paddock Road, Cincinnati, OH 45229

Steve Beiting, Senior Project Executive, 513-636-3839

Rick Zolar, Senior Project Executive, 513-482-5317

H.C. Nutting Labs 611 Lunken Park Drive, Cincinnati, OH 45226

Boyd Graves, V.P. of Business Development, 513-321-5816

Dr. Steven Zhou, P.E. Geotechnical Engineer, 513-321-5816 ext. 303

Finished Dimensions 5445 St. Rt. 128, Cleves, OH 452002

Amy Moeller, Sales Representative, 513-353-4500

Chris Congdon, President and Owner, 513-353-4500

Celotex Plant 320 South Wayne Avenue, Lockland, OH 45215

Tom Barber, Customer Service Manager, 513-948-2289

Diane Samms, Customer Service Supervisor, 513-948-2273

Senco 8485 Broadwell Road, Cincinnati, OH 45211

Troy Davis, General Sales & Marketing Manager-New Markets, 513-388-2725

Fugitec Elevators 401 Fugitec Drive, Lebanon, OH 45036

Dennis Devos, V.P. Branch Operations Service, 513-621-8324

"A" Team Interiors 4344 West Bancroft, Toledo, OH 43615

Julie Spangler, Manufacturer Representative, 419-534-2253

Kolbe & Kolbe Windows 455 Dalton, Cincinnati, OH 45214

Kevin Fink, V.P. of Sales, 513-241-1551 ext. 107

Pravin Bhutta, President, 513-241-1551

Marvin Windows P.O. Box 100, Warroad, MN 56763

Chris Olsen, Tour Coordinator, 1-800-228-4833

Frank Marvin, President, 1-800-228-4833

American Homes 418 South 13th Street, Decatur, IN 46733

Michelle Scott, Sales Coordinator, 219-724-9171 ext. 235

Steve Kerr, President, 219-724-9171 ext. 323

Flexicore 7941 New Carlisle Pike, Hubert Heights, OH 45424

Lonny Smith, Plant Manager, 937-879-5775 ext. 214

Jim Beerbaur, President, 937-879-5775 ext. 222

Concrete Technology, Incorporated 95 Mound Park Drive, Springboro, OH 45066

Mark Fusani, Engineer, 513-748-2412 ext. 156

Southern Ohio Fabricators 2565 Old State Route, Batavia, OH 45103
Steve Sundin, V.P., 513-732-6033
Tim Gates, President

Turnbull Concrete 50 Illinois Street, Cincinnati, OH 45241
Tom stretch, President and Owner, 513-761-7800 ext. 215
Shannon Snow, Human Resources, 513-761-7800 ext. 218

Contractors Materials, Incorporated 10320 South Medallion Drive, Cincinnati, OH 45141
Bill Luken, Owner, 513-733-3000 ext. 103

Formica Corporation 10155 Reading Road, Cincinnati, OH 45241
Denny Kraws, Sales Training Manager, 513-786-3403

KZF Design 655 Eden Park Drive, Cincinnati, OH 45206
Steve Cambell, Marketing Manager, 513-621-6211
Gregory K. Rhoads, President & CEO, 513-621-6211

Hixon, Incorporated 659 Van Meter, Cincinnati, OH 45206
Bill Sander, V.P. and Project Manager, 513-241-1230
J. Wicklisse Ach, President, 513-241-1230

Dugan & Meyers 11110 Kenwood Road, Cincinnati, OH 45242
Fran Dugan, CEO, 513-891-4300
Linda Stewart, Administrative, 513-891-4300

C.O.A.T.S. 4100 Executive Drive, Cincinnati, OH 45242
Greg Sizemore, Executive Director, 513-563-4131
Donna Janssens, Executive Assistant, 513-563-4131

ITINERARY

Construction Tour

CONSTRUCTION TOUR

Monday, August 14, 2000

Leave Kiev

7:10 PM - Arrive Cincinnati
DL 87 - Jim Titus and Lee Cole
Vernon Manor Bus

9:00 PM - Dinner at the Vernon Manor

Lee Cole
Jim Titus
Alex Etlin

10 CEI Members

Tuesday, August 15, 2000

9:00 AM -Vernon Manor

Orientation - Lee Cole and Jim Titus

6 CEI Members

Lee Cole-Introduction
Jim Titus-Architecture & Construction
Dan McKinney-Law
Belal Siddique-Money
Bruce Vaillancourt-Business
Alexander Etlin-Interpreter

12:00 Noon - Deli Lunch

2:00 PM - Visit Downtown (Bus)

Carew Tower

Vernon Manor

Wednesday, August 16, 2000

9:00 AM - Vernon Manor

Jim Titus and Alex Etlin (Interpreter)

Bus Tour (J&J Tours)

“A” Team

4344 West Bancroft, Toledo, OH 43615

1-419-534-2253

Factory Light Center

Beaver Creek, Ohio

Factory Light Center

Warehouse

Furniture Fair

Fairfield, Ohio

Vernon Manor

Lunch

Presentation

Thursday, August 17, 2000

8:00 AM -Vernon Manor

Tom Dunn and Alex Etlin (Interpreter)

9:00 AM - Flexicore

7941 New Carlisle Park, Hubert Heights, OH 45424

(937) 879-5775

11:30 AM - CTI (Concrete Technology, Incorporated)

95 Mand Park Drive, Springboro, OH 45066

(513) 748-2412

1:30 Noon - Wright Paterson Airforce Base

6:00 PM - Vernon Manor

Friday, August 18, 2000

8:00 AM - Vernon Manor
Tom Dunn and Alex Etlin (Interpreter)

9:00 AM - Turnbull Concrete
50 Illinois Street, Cincinnati, OH 45241
(513) 761-7800
(Includes Lunch)

1:00 PM - Kolbe & Kolbe Windows
Jim Titus and Alex Etlin
1455 Dalton, Cincinnati, OH 45214
(740) 668-5016

4:00 PM - Vernon Manor

Saturday, August 19, 2000

8:00 AM - Vernon Manor
Jim Titus, Bobbie Titus and Alex Etlin (Interpreter)

Free Day - Sightseeing

4:00 PM - Vernon Manor

Sunday, August 20, 2000

1:00 PM - Vernon Manor
Jim Titus, Bobbie Titus and Alex Etlin (Interpreter)

Free Day – Shopping and Sightseeing

4:00 PM - Vernon Manor

Monday, August 21, 2000

8:00 AM - Vernon Manor
Jim Titus and Alex Etlin (Interpreter)

10:00 AM - American Homes
1418 South 13th Street, Decatur, Indiana 46733
(219) 724-9171 Michelle, Patty

5:00 PM - Midway (Chicago)
Travelodge 1-800-578-7878

Tuesday, August 22, 2000

6:00 AM - Travelodge Midway
Jim Titus and Alex Etlin (Interpreter)

7:00 AM - Midway Airport
Marvin Windows
Highway 11 West, Warroad Minnesota, 56763
President: Frank Marvin
Dan James and Arlene Ventre: 1-800-228-4833

Wednesday, August 23, 2000

8:00 AM - Marvin Window Tour
Jim Titus and Alex Etlin (Interpreter)

5:00 PM - Midway (Chicago)
(Bus) – Travelodge 1-800-578-7878

Thursday, August 24, 2000

8:00 AM - Travelodge at Chicago
Jim Titus and Alex Etlin (Interpreter)
To Wacker Drive for Tour

2:00 PM - Chicago Tour by Boat (North Pier)

6:00 PM - Bus to Cincinnati

12:00 Midnight - Vernon Manor Cincinnati

Friday, August 25, 2000

8:00 AM - Vernon Manor
Tom Dunn and Alex Etlin (Interpreter)

9:00 AM - Hixon Co.
659 Van Meter, Cincinnati, OH 45206 (513) 241-1230

11:00 AM - KZF Architects and Engineers
655 Eden Park Drive, Cincinnati, OH 45206 (513) 621-6211

Friday, August 25, 2000-continued

1:00 PM - Fujitec Elevator
401 Fujitec Drive, Lebanon OH
(513) 621-8324

3:00 PM - Contractors Warehouse

5:00 PM - Vernon Manor

Saturday, August 26, 2000

8:00 AM - Vernon Manor
Jim Titus and Alex Etlin (Interpreter)

Free Day - Sightseeing

9:00 PM - Vernon Manor

Sunday, August 27, 2000

8:00 AM - Vernon Manor
Jim Titus, Bobbie Titus and Alex Etlin (Interpreter)

Free Day - Shopping

5:00 PM - Vernon Manor

6:00 PM - Victory Boat- Dinner
Jim Titus and Alex Etlin
CEI Members

11:00 PM - Vernon Manor

Monday, August 28, 2000

8:00 AM - Vernon Manor
Tom Dunn and Alex Etlin (Interpreter)

9:00 AM - Southern Ohio Fabricators
Frontwheel Drive, Batavia, OH (513) 732-6033

10:30 AM - Riemeier Lumber

2:00 PM - Home Construction Sites

6:00 PM - Vernon Manor

Tuesday, August 29, 2000

8:00 AM - Vernon Manor

Tom Dunn and Alex Etlin (Interpreter)

9:00 AM - Contractors Materials Inc.

10320 South Medallion Drive, Cincinnati, OH 45241 (513) 733-3000

1:00 PM - Formica Group

10155 Reading Road, OH 45241 (513) 786-3403

4:00 PM - Vernon Manor

Wednesday, August 30, 2000

8:00 AM - Vernon Manor

Tom Dunn and Alex Etlin (Interpreter)

9:00 AM - H.C. Nutting Labs

611 Larken Park Drive, Cincinnati, OH 45226 (513) 321-5816

10:30 AM - Senco

8485 Broadwell Road, Cincinnati, OH 45211 (513) 388-2725

1:00 PM - Finished Dimensions

5445 State Road 128, Cincinnati, OH 45002 (513) 353-4500

4:00 PM - Vernon Manor

Thursday, August 31, 2000

8:00 AM - Vernon Manor

Tom Dunn and Alex Etlin (Interpreter)

9:00 AM - Celotex Plant

320 South Wayne Avenue, Lockland, OH 45215 (513) 948-2273

11:30 PM - C.O.A.T.S. Seminar

Jim Titus, Tom Dunn and Alex Etlin
Quality Inn – Covington, KY

2:00 PM - Messer Construction Sites

Tom Dunn and Alex Etlin

4:00 PM - Vernon Manor

Friday, September 1, 2000

8:00 AM - Vernon Manor
Jim Titus and Alex Etlin (Interpreter)

8:30 AM - Construction Site- Dugan and Meyers

10:00 AM - Construction Roundtable

2:00 PM - Exit Interviews, Vernon Manor
Lee Cole and Jim Titus

5:00 PM - Dan McKinney
Cook Out (Tim Titus and Nick Titus)
Dan McKinney's Home
2500 Bedford, Cincinnati, OH 45208

9:00 PM - Vernon Manor

Saturday, September 2, 2000

8:00 AM - Vernon Manor
Exit Interviews: Lee Cole, Jim Titus and Alex Etlin (Interpreter)

4:00 PM - Vernon Manor to Airport

6:55 PM - Delta Flight #48

EXIT INTERVIEWS

Exit Interviews - Construction

August 2000

Valeriy Derun, Archproject, Director

As a result of this trip he has had a “Complete change in mind”.

In the U.S., the architect is a main contractor. In Ukraine, the role of the architect is much less important. The young and skilled architects in Ukraine are unfortunately leaving the country. Universities do not teach the new technologies.

One of the first things he has decided is to require his workers to smoke only outside the office. He also noted that Americans take good care of their land.

“We will improve the quality of our design work” he stated. He was impressed with the high quality of the design work, better manufacturing methods, new materials and project management. After privatization, he felt they will be able to make much faster progress in Ukraine.

He was very impressed at Marvin Windows. One thing was the use of glue. Another was the fact that the supervisors knew the employees and experienced workers taught the younger employees.

Joint ventures are more realistic in the design area since they are mainly an exchange of ideas.

As a result of the visit to American Homes, he will be able to design homes in this style. They will be of wood, will be better for the environment, and will be cheaper.

As a direct result of the study tour he will be networking and will be subcontracting with

Valeriy really liked the tour. He already knew a lot of what he was told, but the tour confirmed this information. The U.S. companies were very open and provided financial other tour members. [CEI note: Tour members asked for a list of other MTM study tour participants so they could network with them as well. This is now being organized.]

Yuriy Glugovskiy, 4th Block, Marketing Director

It was very good to see the different areas of the industry and the construction sites. He liked Marvin Windows and Formica best. He learned that his company is being progressive and is going in the right and direction. However, they need to modernize their production equipment.

There were many good ideas in management and it was good to see them in practice.

He learned that the U.S. market is homogeneous and the companies are in communication with each other. In Ukraine, the industry is very fragmented. It really helps American companies to be able to use the same information if they subscribe to the industry database that is maintained by Dodge, Inc.

They need to form an association in Kharkiv. The companies need to work together to share ideas on marketing and to have a common political front. The association can improve the quality of the industry. That is the phenomenon of synergy.

His company only does commercial construction. As a result of the tour, there is a chance for his company to apply new materials, maintenance procedures, etc.

The banking system in Ukraine is now a major problem and it is very difficult to get bank loans. As a result, each company needs to have its own internal financial resources.

Valentyna Kocherova, Construction Group, Production Manager

She was impressed with the organization of labor from the start to the completion of a project. She was also impressed with the relationship between people, the new technology in the production process, and the relationships between the people at the construction site. In Ukraine, if anything goes wrong, there is a great deal of emotion.

She learned many new things. She was impressed with the number of computers in use, the production equipment, and the new technology. In the concrete plant they were shown precast concrete plates that were custom designed. Using this technology all buildings can be different.

At American Home she saw typically designed houses. She did not feel this would be useful in Ukraine due to their cold weather. [CEI pointed out that wooden homes are used in Scandinavia.]

She wants to implement many new things. One is on-site concrete. Their equipment in Ukraine is now obsolete, but they learned that there is an American equipment distributor in Ukraine who may be helpful. She wants to propose a joint venture to them. In another example, they have plastics, but not the technology for insulation.

She liked Porter Paints. Long durability is very important in Ukraine.

Gypsum boards are now used in large volume. They will try to use gypsum boards in apartments they build.

Mykhaylo Kondratenko, Soyuz, Director

He liked the smiling people in the U.S. who would say "Hi".

Regarding engineering, he was amazed by the technology, quality and computerization. In the past 10 years the quality has really improved in Ukraine. He is interested in on-site concrete pouring in high-rise buildings.

He wants to make wooden homes and will look at 2 different approaches.

In the U.S. they make very high quality flooring and they cannot do this in Ukraine.

Nataliya Krysa, Faeton, Marketing/Architect Manager

Nataliya has many impressions of the tour. He has learned how to expand her horizons. Even in Ukraine, she has had few chances to visit plants such as a cement plant. This has been a new experience for her. She was interested to see how materials were made. Now she has a much better understanding of the products and processes.

She will now talk to the Municipal Academy and will give lectures where she is currently working on her doctorate degree. She will also make a movie based on the seven rolls of video film she took. It is also important to get the information to students - especially the graduate and post-graduate students.

She will try to change the ways people in the industry conduct their time studies, do time keeping and process their data. Computer software is still emerging - especially in Cyrillic.

There are lots of new materials in America such as acoustic windows, decorative finishes on walls, carpeting, wallpaper, spherical fluorescent lighting, double glazed windows, and prefabricated concrete slabs with multiple colors. In the U.S. there are many more design and construction options available. Possibly someone will set up a new pre-stressed concrete plant and she will be their first customer. There needs to be a trend to more custom construction. It makes a lot of sense to use prefabricated frames and double-glazing in construction. She liked what she saw at American Homes.

Kseniya (Oksana) Khoptar, Kharkiv Oblast Administration

Oksana attended this study tour as a representative of the Kharkiv Oblast Administration. Previously she had worked in the construction industry.

The thing that she liked most was the high level of management. Everything was planned with flow charts, job descriptions, etc. There is also a high level of computerization.

U.S. companies are planning for the future and are using new materials and equipment. This is all tied in to the taxation policy. Companies pay fewer taxes when they modernize due to the depreciation allowances.

She liked the marketing methods she saw and the use of distributors. She felt the power of the market infrastructure. She found it very difficult to compare the two systems.

She liked the system of independent laboratories. She liked the way the information was gathered and then disseminated. She also liked the bidding process and the tenders.

She noted that the role of the trade associations is very influential and useful. She loved the idea of training managers at the institute.

She was very impressed with CEI and the organization of the study tour program. They saw a lot of the whole industry and it was very professionally done.

The design companies are excellent and have a concern for the customers.

The Ukraine government realizes that they must stay out of the way of business. It is important that they work out the rules for this.

Kharkiv needs to have their good large companies benefit from this program, not just the small ones. She wants CEI to become involved in helping the entire construction industry. An information system would be useful and would include an open system for tenders and bids.

She liked the U.S. designs and practices in residential construction. New international building standards are now being developed and hopefully they will be adopted in Ukraine as well.

Valeriy Lyubota, Garant (Kupiansk), Director

Valeriy has his own construction company with equipment and its own privatized land. He also has empty buildings that can be used for expansion. They concentrate on meeting the needs of the people in the mid to low-income levels. In the last 10 years they have done a great deal of reconstruction work. He will now try to extract those ideas that can be applied.

He especially liked the residential construction and the furniture carpentry. As a result of the tour he will work in new ways. "Many things have changed and my world has turned up side down in the last 3 weeks." This includes the production methods, employee relations, new technology he never dreamed about. He saw easier ways to do finishing work and to do it beautifully. In house construction they will try to use thinner walls with insulation and not just thicker brick walls.

In Ukraine they need to start making heating calculations, not just using the old practices.

Andriy Paramonov, Zhilstroy-1, Deputy Chairman

Andriy learned about scientific organization of manufacturing and production. His company builds apartment and government buildings and refurbishes other buildings.

In Ukraine, no consideration is given to marketing. He is now convinced that 5-10% of the expenses should go to marketing. In the future he will pay more attention to marketing and advertising. In the past they did not pay much attention to the customer. Andriy felt that the atmosphere and hospitality at the U.S. host companies had a positive impact on the customers.

He felt that his company should be looking to purchase equipment and materials from others and not try to develop them themselves.

He will try to make changes to their concrete plant. Their methods are morally and technically obsolete. They will switch to pouring cement on-site.

Igor Shcheka, Ukrinveststroy, Deputy Director of Economics

Igor felt that the tour went too quickly and that he needed more time to absorb what he saw. He also believes that Ukraine needs to develop its skills in marketing and management.

He was very interested in the prefabricated homes he saw at American Homes. This was the company he liked best. Marvin Windows was the next most interesting.

He also really liked the family businesses. He would really like to know how they compete and bid on similar projects. His large company survives on government orders.

Zinayida Skoblikova, Stroitel, Director

She has lots of impressions that she has organized into 3 groups: personal, technical and cultural. She felt that the technical and the management organization can be used in Ukraine.

She was impressed with the technical analysis used in the U.S. She also had a good opportunity to see the entrepreneurial approach to business that she liked very much. Everything appeared to work at a very high level. In Ukraine they need to promote the idea of new family businesses.

There are several ideas that they will be able to use in Ukraine. These are:

1. Personnel training - the way to organize their labor. There should be specialized training based on U.S. instructors. There needs to be more Ukrainian instructors and she expects to do more training in Ukraine.
2. The use of software.
3. Development of production. She was very impressed with the organization of labor and production. The organization chart and job descriptions clearly defined the work to be done.

She liked that fact that each U.S. company kept a history of their organization and its background. "Our Ukrainians companies need to learn how to respect themselves."

Zinayida feels that Ukrainian companies are not ready for joint ventures. The Ukrainian companies first need to undertake serious changes in their organization structures and methods before they will be ready for a joint venture.

Oleksandr Sukhodubov, Zemlyane, Director

He has many impressions of the study tour. Everything was a museum. In Ukraine they do not keep the old things. Also, he really liked the U.S. work ethic.

He plans to implement many things when he returns to Ukraine. Some of which can be done immediately and at low cost. Eight or ten of these are concerned with planning and the organization of labor. For example, he will introduce incentives (bonuses) that will raise the quality of their work. He will also change the production portion. In the U.S., people specialize. In Ukraine, people do everything.

There are other changes that he plans to implement which will require some investment. For example, the production of windows and doors needs to be totally changed.

Finally, he has some long-term plans that will require the help of CEI. He wants to provide 5 to 6 skilled workers to Marvin Windows who has a shortage of labor. The Ukrainians would study the laws, labor practices, etc. and then return to Ukraine. Later, he would consider a joint venture with Marvin after negotiation.

He liked what he saw at the U.S. company Finished Dimensions.

He is offering to purchase land in Ukraine for foreigners. The cost of the land will be very low. At present he is looking for 1 hectare of land for a hotel for an American firm.

Finally, he is looking to start a student exchange program for his university.

Dissemination: He will be speaking directly to 100 to 150 people. He plans to talk at the University and talk to the regional Department for Land where he will offer to give a seminar to 65 students and industry leaders.

Olena Turchanova, Atet, Deputy Director

She now has many impressions that she will need to organize, but she now knows what direction she has to go. Her company is a private company and she found that they are not hopelessly far behind. She has hope for her company. The problem is that they do everything manually.

One of the things she wants to do is to start using slogans to create competition between departments, even though slogans were discredited during the Communist era. Also, she noted that in the U.S. there is more worker specialization.

She wants to make greater use of software in manufacturing. She also wants to purchase some of the equipment she has seen.

She was quite impressed at what she saw at Marvin Windows. She was amazed that women were employed as carpenters and other skilled positions. Marvin Windows gave a 30-year warranty. There are no warranties given in Ukraine. Things ran smoothly in this production operation. Worker safety is also very good. She liked the fans used in the shop. In the U.S. they use good quality wood. In Ukraine they are make decisions more on price than on quality and use veneer to cover up poor quality wood.

She liked double-glazing. Her company has looked at using argon between the panes but found it was too expensive. They apparently have not looked at using other materials between the glass panes. [CEI comment: It was reported that there is little use of double glazing in Kharkiv but that it is used commonly used in Dnepropetrovsk.]

She commented that it is very difficult to get industry related information in Kharkiv. The evening discussions here have been quite helpful. The tour members found that they could be quite helpful to each other. They will certainly set up an association when they return to Kharkiv.

Roman Vynnyk, Stroidetal, Marketing Manager

Roman's company makes re-enforced concrete panels. He really liked the visit to Flexicore that is in a similar business. There were several things that he liked here:

He found the use of re-enforced steel is different since the steel cables at Flexicore are in tension. In Ukraine they use rods that are 4, 6 and 12 meters in length. The U.S. concrete panels

are about twice as strong as those in Ukraine. Thus the U.S. method saves material since the concrete slabs can be of greater length.

He liked the fact that the wall panels can be in different colors. The lack of color in Ukrainian panels is a question of education, not pigments.

He liked the equipment and the computer systems he saw.

He also saw how the concrete was vibrated to get out the gas bubbles. In Ukraine they do not vibrate the concrete, but vibrate the forms in which the concrete sets.

In the U.S. they used manual vibrators to get different patterns in sections of the panels. This is not done in Ukraine.

He was able to get a list of the compounds and chemicals that are added to the concrete to give it strength. The Americans are very open, friendly and willing to train others. For example, he was able to get the drawing of a tool that is used to pre-stress the concrete.

Yevgen Zinovyev, Solodkovsky & Co., Marketing/Project Manager

He really liked the program. He has organized his thought by management, technology and other. In technology he has really seen new technology used by U.S. companies and new applications of old technology. He was very interested to see energy saving insulation. It was also interesting to see buildings, supermarkets and shops constructed without windows in order to save energy.

He liked the organization of labor. For example, he liked the use of bar codes to track the flow of goods. It is relatively inexpensive and very helpful in the production process.

He was also interested in visiting stores to see their construction and the use of bar codes. In Kharkiv there is only one supermarket, but it is becoming more popular. He also liked the “kanban” or just in time inventory system. Senco Products has promised him a copy of their manual that discusses the organization of the production process.

Soundproofing and gypsum board were very interesting and he found that in the U.S. they were used on both interiors and exteriors.

One thing he liked about the skyscrapers was that every one had a different design and expressed the character of the builder and the company.

As for management, he liked the planning of the work. For example, at Messer Construction they use Pert charts with the critical path identified. There were also pie charts to show how much work was done and how much work remained. This stimulated competition between departments. He also liked the moral and financial work incentives. He also liked the “Worker of the Month” program.

In marketing, all companies have items or souvenirs to give away. In Ukraine they use obsolete methods for marketing. Equipment manufacturers don’t have any marketing activities.

The strength of the industry in the U.S. is due to hard work, which has developed over generations. In Ukraine, they are just in their first generation.

Vasyl Zubko, Stroiservis, Director

As a director of construction, I wanted to gain knowledge in the U.S. systems of construction management with small work groups for many on-going projects and to learn about the system of marketing for future business customers.

This was a very good program tour. It was well planned to show the different areas of material and construction technology. At first I thought it would be a lot of reading and in-house class work as others thought, but things changed when we met with Jim Titus and Tom Dunn, the whole program was directed to our interest.

We did not have a lot of time to prepare for this visit. We did not know the U.S. and this was our first time in this country. On our long trip to the U.S., we divided ourselves into groups of architects and builders and outlined areas of the U.S influence, which could help us. This included production, material, employment, taxes and marketing. We needed this tour to update our way of thinking and modernize our old practices.

There was a lot to see and do and we were always learning. We had to stay up late and share notes so everyone had a chance to report everything they saw. We need to learn more and work harder in our new country to keep up with new systems and technology and we hope C.E.I. will help us along with Jim and Tom.

PLANNED DISSEMINATION

Valeriy Derun will speak to 60 people in his company and about 300 at the Kharkiv Union of Architects. He will also write one article for the local press and for one of the trade journals. He also hopes to speak on TV. He will also show samples of the materials gathered to customers and subcontractors.

Yuriy Glugovskiy will first describe the tour to 50 people in his company. He also plans to publish an article in the Institute journal and will put the information on their website.

Valentyna Kocherova will talk to the other 65 people in her company and the other 240 they employ in the busy season. She will also meet with other people in the Oblast who attended the MTM study tour.

Mykhaylo Kondratenko of Soyuz will be speaking to his 170 employees and to 5 other associated companies that have a total of 400 to 500 employees.

Nataliya Krysa will speak to the 30 employees in her company. At her Institute she will conduct seminars and will speak to possibly 300 people. She plans to write two articles that will be read by many in the industry.

Kseniya (Oksana) Khoptar feels that the Oblast Administration can be a big help since they have good access to the mass media. This will enable them to reach over 50 companies or 1000 people in the industry.

Valeriy Lyubota is on the Kupiansk Rayon Council and he will speak to the 49-member group. He will also speak to his 100 employees.

Andriy Paramonov will be talking to 300 to 500 people about the things he has seen and ideas he learned on the study tours.

Igor Shcheka will speak to 28 key people in his company. He will also talk to their 15 subcontractors. Particularly, he will speak to them about on-time delivery. Through the Regional Business Assistance Center he will speak to 50 or 60 more people in the industry.

Zinayida Skoblikova will speak to 45 people in her company. In addition, she will speak to subcontractors, people at the business center and institutions, and people in the mass media. In total she expects to speak to 500 people.

Olena Turchanova will speak to her 20 employees and she will get the information to others. She has most of the videotapes that were taken which she will show. She is responsible for advertising at their company. She works with 2 construction magazines with a combined circulation of 15,000. She will also speak on TV channel 7 and make use of her video. She also intends to speak to about 10 of her major suppliers.

Roman Vynnyk will speak to 15 members of the Board of Directors. His company has 300 employees and he will talk to many of them in company meetings. He will also work with the association they will be forming.

Yevgen Zinovyev will make one good video, which they plan to show on TV with the help of the Oblast Administration. The tour members will set up an Association when they return to Kharkiv. He will also collect photographs and is planning to give several seminars and to write articles. In his company he expects to talk to 30 employees. He expects that he will talk to about 100 people about the study tour.

Vasyl Zubko and the group will meet again in Kharkiv and go over our trip and plan to form an association of construction like the one in Cincinnati.

He will have meetings with his company and outline a program of management, which will consist of about 60 people. He will also meet with the Union of Architects (about 200-300) regarding relationships with contractors and promote marketing of his company for contracts. He said more time will be needed more time to work with banks and the government because they are behind in their thinking and laws.

We look forward to seeing C.E.I. in Kharkiv and hope there will be more time for study and to learn more.

**INDIVIDUAL
AND
COMPANY PROFILES**

Construction Participants

			
Valeriy Derun Archproject	Yuriy Glugovskiy 4 th Block	Valentyna Kocherova Construction Group	Mykhaylo Kondratenko Soyuz
			
Nataliya Krysa Faeton	Oksana Khohtar Oblast Administration	Valeriy Lyubota Garant	Andriy Paramonov Zhilstroy-1
			
Igor Shcheka Ukrainveststroy	Zinayida Skoblikova Stroitel	Oleksandr Sukhodubov Zemlyane	Olena Turchanova Atet
			
Roman Vynnyk Stroidetal	Yevgen Zinovyev Solodkovsky & Co.	Vasyl Zubko Stroiservis	Sergiy Svidersky IESC

COMPANY PROFILE

Company Name: “ArchProject” Ltd, Project Industrial Enterprise

Address (office): 12 Lenina Ave., #31, Kharkiv 61058

Phone: +38 0572 45-32-13

Fax: +38 0572 43-38-86

E-mail: No

Web-page: No

Established: 1987

Ownership: Private

Number of employees: Total: 18

History:

The company was established on the basis of the Kharkiv branch of the former Soviet Union Association “ArchProject” created in August 1987. “ArchProject” Ltd was registered as an independent private company in 1994. At present, it has an office located in a privatized four-room apartment, and rents production space at the “KharkivProject” Institute.

Products/services:

Design estimates for new construction, reconstruction, capital repairs, technical re-equipment
Construction, renovation, decorations

Customers:

- Construction firms;
- Businesses;
- Individuals;
- Industrial enterprises

Competition:

The main competitors are the “UkrGorStroyProject” State Institute, “KharkivProject” Joint-Stock Company, other specialized institutes, and a large number of new private design companies.

Competitive advantages:

- Highly qualified staff;
- Flexible structure, low costs
- Own production basis and normative basis

Unavailability of adequate computer equipment and software, as well as insufficient publicity and advertising are the main weak points of the company.

Goals of the company:

- Ensure high quality of design documentation and estimates;
- Search for and introduce new energy-saving technologies;
- Offer creative architectural solutions;
- Ensure profit increase to finance the company's development;
- Enter the Russian market

Marketing objectives (2000):

- Raise the sales
- Raise the profitability
- Raise the potential customers' awareness

COMPANY PROFILE

Company Name: “4th Block” Ltd

Address: 24a Ivanova Str., Kharkiv 61002, P/O Box 7311

Phone/fax: +38 0572 45-44-63

E-mail: 4block@kharkov.com

Web page: 4block2000.com.ua

Established: 1993

Ownership: Collective

Number of employees: Total:

History:

- March 1993: the industrial and construction enterprise “4th Block, LTD” was established by the people who took part in the elimination of consequences of the Chernobyl nuclear power plant accident. Initially, the company was working in two directions: construction works using the methods of industrial mountaineering and holding an international exhibition of ecologically-motivated graphic arts and posters.
- Summer of 1999: a deep restructuring of the company with considerable changes in the body of founders and utter changes in the top management. Currently, the company is going through a period of rapid growth stemming from a professional approach in financial management, staff management and concentrating much effort on marketing issues.

Products/services:

The company has a license for:

- Design and architectural works,
- General construction works,
- Engineering works, and
- Functioning as a general development contractor and builder.

Marketing, promotion, advertisement:

- The company advertises its services to industrial companies management via sector magazines and bulletins, using direct mail of advertising materials and by direct contacts (talks over the phone followed by personal meetings);
- Every opportunity is used to carry out actions with a direct demonstration of working technologies and the customer objects (video films, photos, as well as direct demonstrations by performing some elements of work at the company’s own expense);
- Souvenirs having our company’s logos are produced and distributed among the potential customers in order to remind them about the company’s services at the moment they feel a real need in them. In some cases, the company may carry out the preliminary study of an object at its own expense in order to persuade the customer that repair works are necessary.

Competition:

The company has competitors for every type of the services it renders.

-For industrial construction, in particular, the company's main competitors for the services it renders are companies which took over from former state enterprises, among them: "Krivorozhstalconstructsia" (Kryvi Rih), "Kharkovreconstructsia", "Energoremont" and "Melelevatorstroy".

-For commercial construction, the competitors are private companies of a high level, such as "O.Salonen. Oy", "Velton-Bud", "Consol LTD" (Simferopol) and some others.

Competitive advantages:

- Marketing orientation;
- Professionalism and team work of the staff;
- Establishing contacts and enjoying a high reputation among permanent customers.
- Strategic planning and strategic management of the company;
- Orientation at up-to-date technologies and the company's own developments;
- A high scientific and technical basis;
- Concern about the staff's development and training;
- Experience.

Goals of the company (general marketing goals):

- Move to the leading positions in terms of income among the companies working in our market segment;
- Expand our works to new markets;
- Study better the competitors and the market situation in general;
- Improve distribution of information about the company to the narrow circle of our potential customers;
- Increase the number of simultaneously developed large objects up to 5-6;
- Prevent seasonal decreases of production (the season-dependent balance between exterior and);
- Increase the company's potential via buying new equipment and learning new technologies;
- Develop among the company's staff a feeling of confidence about tomorrow and of pride for their company.
- Decrease the costs of raw materials at the expense of searching for new opportunities, new suppliers and manufacturers.
- Be well informed about new materials, new technologies, and new design trends.

COMPANY PROFILE

Company Name: “Construction Group”, LTD

Address: 40 Chernyshevskogo Str., Kharkiv 61002

Phone/fax: +38 0572 14-01-82

E-mail: itl550@online.kharkov.ua

Web page: No

Established: 1995

Ownership: Collective

Number of employees: Total:

Products/services:

- Construction, reconstruction and renovation of public and dwelling buildings;
- Trade in swimming pools manufactured in the USA.

Marketing, promotion, advertisement:

In order to attract customers, the company places its advertisements in catalogs and specialized magazines, and distributes presentation and advertising products, such as small calendars, price-lists, etc.

Competitive advantages: highly educated personnel, high quality of the custom services

Goals of the company: protect its market share and expand to other segments of the market

COMPANY PROFILE

Company Name: "Soyuz", LTD

Address: 131, Moskovsky prospect, Kharkiv

Phone: +38 0572 21-01-84

Fax: +38 0572 21-01-84

Established: 1993 (June)

Ownership: collective

Number of employees: Total 154

The number of employees increased from 106 in 1998 to 154 in 1999.

Products/services:

- General construction works,
- Assembly works and
- Facing works at dwelling, public and industrial buildings

Marketing, promotion, advertisement:

The company's potential customers contact it either:

- Being the company's old customers or
- Owing to the company's good reputation in the market.

Competition:

The company's competitors are all companies performing general construction of dwelling and industrial buildings, amongst them: "Zhilstroy – 1", "Internationalist", "Agrostroyservice-Ukraine", "Promstroy – 2".

Competitive advantages:

- The company is a part of industrial construction associations "Energostroyinvest" and "Yuzhspetsatomenergomontazh"; that enables the company to perform turnkey construction of any degree of complexity;
- Good staff;
- High quality of works
- Comparatively low prices

Marketing objectives:

- Increase the volumes of dwelling houses construction;
- Master and introduce construction of monolithic dwelling houses with an increased height.

COMPANY PROFILE

Company Name: “Faeton” Ltd

Address: 3 Ganny Str., Kharkiv 61001

Phone/fax: +38 0572 21-18-30

E-mail: No

Web page: No

Established: 1998

Ownership: Collective

Number of employees: Total: 29

History:

- 1990: the company started its operations as a small enterprise “KhMPKP”.
- 1992: re-registration and receiving the status of a limited liability company.
- 1992: a major order was received for building seven cottages, and an active construction and assembly work began.
- 1997: the company signed a contract with the “DE-VI” firm and became their first authorized dealers in the Kharkiv region.
- 1998: documentary re-registration, the company opened its own store of construction and finishing materials.

The company is situated on one of the city’s avenues across from the central bus station. It can be seen from the highways as it is standing separately on an open space.

Products/services:

- Architectural design and re-planning;
- Photo-design, greenery planting;
- Integrated repair and construction works;
- Trade in construction and finishing materials and electric appliances (DE-VI).

Marketing, promotion, advertisement:

The company has its own retail store of construction and finishing materials.

The design and construction services rendered by the company are advertised in newspapers “Kharkiv Courier”, “Kharkiv Inform”, “Business”, specialized magazines “Stroyprice”, “ACC”, in TV, through circulating advertisement brochures, and via personal consultancies to customers.

Competition:

The company has competitors for every type of services it renders and goods it trades in. Within the Kharkiv region, in particular, the company’s main competitors for the services it renders are 4 firms: “Klondike”, “Master”, “Delvanteez”, and “Veltonbud”.

Competitive advantages:

- An integrated approach to project development, from the initial survey through creating the design to its implementation.

Goals of the company:

- Enter new market segments,
- Search for and master new construction materials and technologies,
- Satisfy the potential customers' needs for a rationally organized city environment and meet the customers' aesthetic, ecological, and energy-saving needs.

COMPANY PROFILE

Company Name: “Garant” Ltd

Address: 51 Dzerzhinskogo Str., Kupiansk, Kharkiv Oblast 63700

Phone/fax: +38 8242 5-18-89

E-mail: No

Web page: No

Established: 1990

Ownership: collective

Number of employees: Total: 105

Products/services:

Construction and assembly works: 92.8%

- Basement-laying;
- Roofing works;
- Facing works;
- Painting works;
- Woodwork;
- Plastering, etc.

Tombstone manufacturing 2.1%

Services rendered by motor vehicles 5.1%

Marketing, promotion, advertisement:

An advertising campaign is planned involving:

- Placing advertisements in newspapers “Region”, “Vestnik Kupianschiny” (“Kupiansk Bulletin”), etc
- Placing an advertising video on TV;
- Opening a web-site;
- Placing advertising boards on the Rostov-Kharkiv-Moscow motorway;

Competition:

The company’s competition is represented by the firms “Stroyinvest” and Agrostroy”. However, the sales of these firms are so insignificant that they practically cannot be competitors to the company.

Competitive advantages:

- Advantageous location (proximity to railways and highways);
- Up-to-date technology equipment and the company’s own cargo transport;
- A powerful production base
- Qualified staff;
- The company’s leader is an experienced and energetic person having high qualification and a deep insight into the market conditions.

Strategic goals:

- Increase the sales of construction works;
- Gain the leading positions in terms of quality of construction and repairs works;
- Perform "turnkey" construction works;
- Conduct a pricing policy targeted at maximum customer satisfaction with the company retaining its profit.

COMPANY PROFILE

Company Name: “Zhilstroy - 1”, Open Joint-Stock Company

Address: 43 Artyoma Str.(4th floor), Kharkiv 61002

Phone: +38 0572 43-29-95

Fax: +38 0572 43-16-49

E-mail: No

Web page: No

Established: 1947

Ownership: Collective

Number of employees: Total: 656

During 1999, the number of employees increased from 513 (01.01.1999) to 629 (01.01.2000).

History:

The company was established in 1994 on the basis of the state construction and assembly trust “Zhilstroy-1” which had been performing construction works of different degree of complexity in Kharkiv since 1947.

Products/services:

- Housing construction;
- Construction and assembly works;
- Production of cement solution (mortar) and whitewash

Marketing, promotion, and advertisement: yes

Competition: The company has competitors for every type of services it renders, amongst them the Closed Joint-Stock Company “Zhilstroy – 2”.

Competitive advantages:

- Working out projects in minute detail;
- Establishing relations with the performers of works and suppliers of materials for implementation of projects.

Goals of the company: to be larger

COMPANY PROFILE

Company Name: "Ukrinveststroy", LTD

Address: 25 Korolevko str., Kharkiv

Phone: +38 572 45-50-77

Fax: +38 572 45-50-74

E-mail: pmpo@chat.ru

Established: 1997

Ownership: collective

Number of employees: Total: 20

Products/services:

Construction of apartment houses

Marketing, promotion, and advertisement: want more marketing

Competition: The company's main competitors are large companies such as "Zhilstroy – 1", company "Consol", "Energostroyinvest", "Internationalist", "and Zhilstroy – 2".

Competitive advantages:

- Tax benefits;
- Very experienced (over 25 years of work in the market) leading specialists;
- Highly qualified company management;
- Long-term and reliable ties with suppliers and sub-contractors;
- A low level of expenses;
- State orders from the Defense Ministry;
- High quality of work combined with low (on the level of the state ones) prices.

Long-term goals:

- Increase the market share
- Increase the sales in 5 years in the third market segment;
- Enter new geographical markets and increase the market share in construction and repairs works market of Kharkiv suburban area
- Form the company's image in the consumer market as a performer of high-quality construction and repairs works;
- Create a network of agents for attracting orders for construction and repairs works in the third target market.

COMPANY PROFILE

Company Name: “Zemlyane” Ltd

Address (office): 12 Akademika Proskury Str., #203, Kharkiv 61085

(mail): P.O.B. 8715, Kharkiv 61085

Phone: +38 0572 44-83-22, 19-94-25

Fax: +38 0572 19-05-15

E-mail: No

Web page: No

Established: 1988

Ownership: Collective

Number of employees: Total: 25

In 1999, the number of employees increased from 10 (01.01.1999) to 25 (01.01.2000).

Products/services:

Geology and geodesy works

Construction services/woodwork

Marketing, promotion, advertisement:

At present, the priority activity of the company is drawing up official documents certifying land ownership rights. The company mission is to solve land issues to the benefit of manufacturers.

Main customers: farmers, new private agricultural enterprises

Today, mainly one-channel distribution system is used, when “Zemlyane” firm operates through a prime customer to draw up to 100 official acts for end customers.

Competition:

The company has strong competitors operating in the area for decades, while “Zemlyane” have just been present in this market for several years. The main competitors include: “ZemProject” Institute (connections, experience, extensive archive materials), Cadastre Bureau at the Oblast Department of Land Resources (connections, equipment, software), District Departments of Land Resources (direct contact with customers, experience), and other commercial companies.

Competitive advantages:

- Active application of new technologies and devices;
- Better training of the staff

The company is planning acquisition of new equipment, technologies and personnel training.

Goals of the company:

- Increase the salaries and profits;

- Get the staff involved into planning and management processes, through their becoming the founders of the firm;
- Get protected against the threats represented by state agencies and land departments;
- Completely automate the land-survey works.

Marketing objectives:

- Establishment of contacts with district land-utilization agencies;
- Advertisement through news-papers, targeted advertisement to increase potential customers' awareness of the capacities of the company, its devices, technologies and staff;
- Increase the annual revenues from drawing up the land ownership documentation.

COMPANY PROFILE

Company Name: "Atet", LTD

Address: 22, Kooperativnaya str., entrance 7, room 127, Kharkiv, 61003

Phone: +38 572 20-57-50

Fax: +38 572 20-87-30

Established: 1993

Ownership: collective

Number of employees: Total 13

Products/services:

Integrated services for manufacturing and installation of wooden window and door blocks (oak, pine, larch).

Marketing, promotion, advertisement:

The company uses direct marketing, i.e. contacts are signed immediately with customers.

Competition:

The company's competitors are well-known or/and well established in the market companies such as "Lana", "Papa Karlo", and "Mir dverey".

Competitive advantages:

- High quality of the company's products combined with moderate prices;
- The use of the company's own technologies of wood-drying and window-making;
- After-sale services to customers
- A wide range of products intended for customers with different income levels.

Strategic goals:

- Attract customers with different income levels owing to a wider product range, therefore
- Increase the company's profits and
- Increase the living standard of different social strata.

Marketing objectives:

- Keep the market share at no less than the last year's level;
- Increase the customers' awareness of the company's products and services by three times against last year's level;
- Increase the company's sales by 1.5 over last year's level.

COMPANY PROFILE

Company Name: “Stroydetal”, Collective Enterprise

Address: 1 Zavodskaya Str., Novaya Vodolaga, Kharkiv Oblast 63200

Phone: +38 05740 2-22-31, 2-22-98

Fax: +38 05740 2-25-43

E-mail: No

Web page: No

Established: 1963

Ownership: Collective

Number of employees: Total: 418

History: 1996 - privatization

Products/services:

A wide range of reinforced concrete and wood construction elements (26,000 m³ and 45,000 m² respectively)

Marketing, promotion, advertisement:

The company works both directly with the customer and through intermediaries, depending on a specific market location and capacity.

Main customers: businesses/organizations (50%), individuals (40%), government procurement (10%).

Competition:

At present, the company has 3 major competitors: ZhBK-5, ZhBK-348 and ZhBK-15.

Competitive advantages:

- High quality;
- Large stock of raw materials and finished products;
- Personal contact with clients, good service;
- Capacity to deliver the products;
- A wide range of products (including prefabricated reinforced concrete garages and garden houses not produced by competitors).

Goals of the company:

- Provide the market with high-quality and inexpensive reinforced concrete and wood construction elements.

Marketing objectives (2000):

- Increase production (reinforced concrete products: from 25 to 30 thousand m³, wood products: from 4 to 6 thousand m²) and sales;
- Increase potential customers' awareness;
- Establish relations with 5 new distributors;
- Increase profits.

- COMPANY PROFILE

Company Name: “Solodkovsky & Co.” Ltd

Address: 2 Gogolya Str., Kharkiv 61057

Phone/fax: +38 0572 282-140

E-mail: postmaster@solo.kharkov.ua

Web page: www.solo.kharkov.ua

Established: 1995

Ownership:

Number of employees: Total: 37

In 1999, the number of employees increased from 28 (01.01.1999) to 37 (01.01.2000).

Products/services:

Renovation and decoration	10%
Dry construction systems (trade, installation)	40%
Horizontal, vertical, protective blinds (production, installation)	43%
Production of metal and plastics parts	5%
Interior design	2%

Marketing, promotion, advertisement:

The company operates in Kharkiv, Poltava and Kirovograd markets.

Target customers:

- Individuals with high level of income;
- Commercial organizations;
- Budget-supported organizations.
-

Promotion techniques:

- Personal sales;
- Search for clients through the trade network of the company;
- Advertisement in mass media and reference editions;
- Through intermediaries (designers, stores of construction materials, etc.)

Competition:

In Kharkiv, the main competitors of the company in the market of renovation and decoration services are “Technobud” and “Bostim”.

Competitive advantages:

- Lower prices (the company is an official distributor of the major manufacturers of construction materials);
- Full range of services;
- Project development and design;

- Turn-key solutions (any types of interior and exterior works) using high-quality materials and advanced technologies

Strategic goals:

- Satisfy the customers' needs for advanced construction materials and technologies;
- Develop the most strategically promising operations of the company.

Marketing objectives (2000):

- Enhance the position in the existing markets and enter new geographical markets;
- Improve the image (raise the potential customers' awareness);
- Increase the rate of repeated orders;
- Ensure the increase of sales;
- Reduce the fixed costs.

COMPANY PROFILE

Company Name: “Stroiservice”, LTD

Address: 259, Moskovsky prospect, Kharkiv, 61044

Phone: +38 572 92-20-94

Established: 1999

Ownership: collective

Number of employees: Total: 60-120

Products/services:

- Construction and assembly works;
- Construction and repairs works;
- Facing works.

Marketing, promotion, advertisement:

- The company places advertisements in mass media
- The main channel of finding customers is personal contacts established during many years of work of the company leadership in the construction sector.

Competition:

The company's competitors can be subdivided into groups:

- Companies which were established within the construction complex of the former Soviet Union (e.g. “Zhilstroy-1”, “Zhilstroy-2”, “Promstroy-1”, “Kharkovpromstroy”, etc);
- Newly established companies, such as “Agrotekhservice-Ukraine”, “Studstroy”, “Medstroy montazh”;
- Individual performers of construction works or small crews.

Competitive advantages:

- A number of permanent customers;
- Availability of the company's own facilities with storing facilities in the central part of the city
- Availability of the main construction machinery

Marketing objective:

- Increase the sales in 2000 by 25% against last year's figures.

COMPANY PROFILE

Company Name: “Termik” Ltd

Address: 9 Kultura Str., Kharkiv

Phone: +38 0572 43-34-85, 47-65-93

Fax: +38 0572 47-51-39

E-mail: No

Web page: No

Established: 1994

Ownership: collective -LLC

Number of employees: Total: 220

Products/services:

- Facing the fronts of multi-storied buildings with glass and natural stone (ethernite, in particular);
- Development of energy saving technologies in construction.

Marketing, promotion, and advertisement: Brochure

Competition:

The company's competitors are German, Italian and Slovenian firms. The company does not have Ukrainian competitors.

Competitive advantages:

- Lower prices (domestic construction companies charge much lower prices than foreign ones);
- Higher quality due to a strict control over the construction works and the technologies observance;
- A high level of the staff's education.

Goals:

- Master the high construction technologies;
- Reduce the price of construction works due to a reduction in the terms of performing the works;
- Reach a high level of buildings design and get recognition in Europe;
- Develop the company only in cooperation with the leaders of the world construction business.